

ILLINOIS
COMMERCE COMMISSION

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STATE OF ILLINOIS
BEFORE THE ILLINOIS COMMERCE COMMISSION

CHIEF CLERK'S OFFICE

DIRECT TESTIMONY
OF
PATRICK HURLEY
ON BEHALF OF
THE PEOPLE OF THE STATE OF ILLINOIS

SANTANNA NATURAL GAS CORPORATION
d/b/a SANTANNA ENERGY SERVICES

Application for Certificate of Service Authority
Under §19-110 of the Public Utilities Act

DOCKET NO. 02-0441

August 9, 2002

1 **Q. Please state your name and business address.**

2 **A. My name is Patrick Hurley and my business address is 100 West Randolph**
3 Chicago, Illinois 60601.

4
5 **Q. What is your occupation?**

6 **A. I am the Senior Mediation Coordinator for the Consumer Fraud Bureau of the**
7 Illinois Attorney General Office, located at 100 West Randolph Street, 12th Floor,
8 Chicago, Illinois 60601.

9
10 **Q. How long have you worked there?**

11 **A. I have been employed by the Illinois Attorney General since July, 1990. I have**
12 been a Mediation Coordinator since 1997.

13
14 **Q. What are your duties?**

15 **A. During that time I have been consistently involved in the conciliation and**
16 mediation of complaints between consumers and businesses, as well as business to
17 business complaints.

18
19 **Q. What is the purpose of your direct testimony in this proceeding?**

20 **A. The purpose of my direct testimony in this proceeding is to address the complaints**

21 filed with the Illinois Attorney General Consumer Fraud Bureau ("IAG Consumer Fraud
22 Bureau") against Santanna Energy Services.

23
24 **Q. Are you familiar with the Illinois Attorney General's system for processing**
25 **consumer complaints?**

26 **A.** I am very familiar with the system utilized by the Illinois Attorney General,
27 Consumer Fraud Bureau to process and maintain records of consumer complaints. In
28 the year 2000 I participated in the re-design of the computer database for consumer
29 complaint tracking for the Consumer Fraud Bureau and also drafted the policy and
30 procedure manual for the Mediation Unit of the Consumer Fraud Bureau.

31
32 **Q. Are you familiar with complaints made by consumers regarding public utility**
33 **or energy services?**

34 **A.** I am familiar with complaints which Illinois consumers have filed regarding public
35 utility or energy services. In the year 2002, as of August 7, the Consumer Fraud Bureau
36 of the Illinois Attorney General has received 448 consumer complaints referencing utility
37 or energy services.

38
39 **Q. Have you reviewed the IAG Consumer Fraud Bureau's record of consumer**
40 **complaints filed with respect to Santanna Energy Services?**

42 **A.** I have reviewed the complaints that the IAG Consumer Fraud Bureau has received
43 with respect to Santanna Energy Services. As of the filing date of this testimony, the
44 Bureau has received 356 complaints about Santanna Energy Services this year.

45
46 **Q. During what time period did the Attorney General's Office receive these**
47 **complaints?**

48 **A.** The Consumer Fraud Bureau received the first of these complaints on or about April
49 4, 2002. As of the date of this testimony, we are still receiving complaints, and in fact,
50 today the Consumer Fraud Bureau received approximately 150 complaints in addition to
51 the 356 complaints previously described.

52
53 **Q. From where did the Attorney General receive these complaints?**

54 **A.** Some of the complaints were sent directly to the Consumer Fraud Bureau from
55 consumers. The redacted form of these complaints are attached to this testimony as AG
56 Exhibit 1.01. Other complaints were forwarded to the Attorney General's Office by the
57 Citizens Utility Board ("CUB"), and are already part of the record in this case, attached as
58 Appendices 3 and 5 to CUB's Motion to Stay Proceeding, filed July 2, 2002 and also
59 attached to the direct testimony of David Kolata in this proceeding (Appendix 1).

60
61 **Q. Does the Attorney General's Consumer Fraud Bureau typically receive**
62 **consumer complaints from other organizations or governmental entities?**

63 **A.** Yes. The Attorney General's Office frequently receives complaints from state
64 agencies such as the Office of Banks and Real Estate, the state Department of
65 Professional Regulation and the various Illinois State's Attorney's offices.

66
67 **Q. What actions does the Consumer Fraud Bureau take upon receiving a**
68 **consumer complaint?**

69 **A.** When the Consumer Fraud Bureau receives complaints regarding companies
70 and/or individuals, the Bureau first opens a file and, if necessary, sends a consumer
71 complaint form to the consumer, which the consumer uses to provide more identifying
72 information and to describe the dispute. Upon receiving the completed complaint form,
73 the Bureau then includes it in the file, along with any ancillary documentation that the
74 consumer deems to be important. The Bureau then sends written notice to the company
75 or individual, along with copies of the complaint received from the complaining consumer,
76 in an effort to resolve the dispute through cooperative mediation. Any response from the
77 business or individual is eventually included in the file.

78
79 **Q. How does the Consumer Fraud Bureau treat complaints received from other**
80 **governmental agencies or organizations?**

81 **A.** The IAG Consumer Fraud Bureau treats consumer complaints forwarded by other
82 entities as if they were filed by the consumer directly.

84 **Q. What issue was cited by consumers most frequently in their complaints**
85 **against Santanna Energy Services?**

86 **A.** In 45% of the total number of complaints received by the IAG Consumer Fraud
87 Bureau since April of this year, Illinois consumers complained that their bills from Santanna
88 Energy Services were excessive and that the company and/or its representatives did not
89 fully describe the pricing and billing structure of their gas supplying services prior to
90 switching the customer's natural gas supplier.

91
92 **Q. Based on your experience in handling consumer complaints against**
93 **businesses, do you have an opinion regarding the high percentage of consumers**
94 **who complained about getting inadequate information about Santanna's services?**

95 **A.** Yes.
96

97 **Q. What is that opinion?**

98 **A.** My opinion is that consumers were confused and deceived by marketing practices
99 that occurred under the supervision and control of Santanna.
100

101 **Q. What other problems have consumers reported in their dealings with**
102 **Santanna?**

103 **A.** The remainder of the complaints received by the Illinois Attorney General in the year
104 2002 with regard to Santanna Energy Services have to do with a myriad of problems that

105 consumers faced in their dealings with the business. These complaints include, but are
106 not limited to, misrepresentation of rates charged by Santanna, misrepresentation of
107 savings in comparisons between Santanna and its competitors and slamming complaints
108 (i.e., instances in which customers were switched to Santanna as their natural gas supplier
109 without giving their consent to the switch).

110
111 **Q. What did consumers report about their attempts to contact Santanna?**

112 **A.** A substantial number of the complainants (in 23 percent of the complaints received)
113 allege that once the complainant became aware of previously undisclosed elements of
114 Santanna's plan, they found it difficult or impossible to cancel the services. Many
115 consumers specifically complained that they had made numerous unsuccessful attempts
116 to contact the business over the telephone or via electronic mail.

117
118 **Q. Has Santanna Energy Services been responsive with respect to the complaints**
119 **that the Illinois Attorney General has forwarded to them for cooperative mediation?**

120 **A.** In the vast majority of cases, no. Consumers have sent 43 complaints concerning
121 Santanna directly to the Attorney General's Office. Of those communications, four did not
122 warrant mediation and were not forwarded to Santanna because they were simply
123 submitted for the Attorney General's information. The remaining 39 complaints have been
124 forwarded to Santanna Energy Services for mediation. Santanna responded to the
125 Bureau with respect to one of those complaints, the Bureau mediated a resolution and the

file was closed. In response to three other complaints, Santanna responded to the Attorney General's Office by asking for additional time to gather information. The additional time requested by the company has passed, however, without further communication from the company regarding these specific complaints.

More significantly, the company has failed to respond to the Bureau concerning the resolution of the remaining 35 complaints sent to their attention. In some of these cases the Consumer Fraud Bureau sent Santanna two or three letters requesting cooperative mediation and we still have received no response from the business.

Q. What has the Consumer Fraud Bureau done with the other complaints it has received regarding Santanna?

A. The other complaints the Bureau has received were forwarded to the Attorney General's Office by CUB. The Bureau is in the process of opening files for those complaints and has so far opened approximately 70 files.

Q. How do the number of complaints received by the IAG Consumer Fraud Bureau regarding Santanna Energy Services in 2002 compare with the number it received in the previous year?

A. In the year 2001 the Office of the Illinois Attorney General received only six complaints regarding Santanna Energy Services.

147

148 **Q.** **Does this conclude your testimony?**

149 **A.** Yes.

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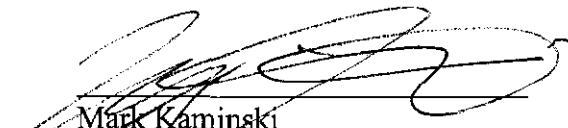
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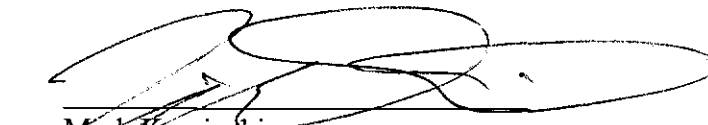
NOTICE OF FILING

PLEASE TAKE NOTICE that on this date, August 9, 2002, we filed with the Chief Clerk of the Illinois Commerce Commission 527 East Capitol Avenue, Springfield, Illinois 62794-9280 the Direct Testimony of Patrick Hurley for the People of the State of Illinois.


Mark Kaminski
Assistant Attorney General

CERTIFICATE OF SERVICE

I, Mark Kaminski, Assistant Attorney General, hereby certify that I served the above identified documents upon all active parties of record on the attached service list on August 9, 2002 by U. P. S. Mail.


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